MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2215)

BAB2024 – MANAGEMENT ACCOUNTING FOR MANAGERS

(All sections/Groups)

24 FEBRUARY 2023
9.00 AM – 11.00 AM
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **6** pages excluding the cover page with **4** questions only.

2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

Current assets for two different companies at calendar year-end 2022 are listed here. One is a manufacturer, Nastey Manufacturing Company, and the other, Sunny Foods is a grocery merchandising company.

Account	Company 1	Company 2
Cash	RM 9,000	RM 7,000
Raw materials inventory	-	44,000
Merchandise inventory	47,000	-
Work in process inventory	-	32,000
Finished goods inventory	-	52,000
Accounts receivable	64,000	77,000
Prepaid expenses	3,500	700

Required:

(a) Identify which set of accounts (Company 1 or Company 2) relates to:

(i) the manufacturer, Nastey Manufacturing Company
(ii) the merchandiser, Sunny Foods.

(2 marks)

(b) Prepare the current asset section for each company and explain why the current asset section for these two companies are different. (10 marks)

Part B

Ultimate Company manufactures and markets several products. Management is considering the future of one product, electronic keyboards, that has not been as profitable as planned. Since this product is manufactured and marketed independently of the other products, its total costs can be precisely measured. Next year's plans call for a RM250 selling price per unit. The fixed costs for the year are expected to be RM30,000. Forecasted variable costs are RM100 per unit.

Required:

(a) Compute the keyboards' break-even point in terms of sales unit and in Ringgit. (5 marks)

(b) Prepare a CVP income statement at break-even point for the electronic keyboards. (8 marks)

(Total: 25 marks)

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QUESTION 2

Adani Carpet manufactures broadloom carpet in seven processes: spinning, dyeing, plying, spooling, tufting, latexing, and shearing. In the Dyeing Department, direct materials (dye) are added at the beginning of the process. Conversion costs are incurred evenly throughout the process. The following information is available for Dyeing Department of Adani Carpet for June 2022:

UNITS	
Beginning Work-in-Process Inventory	90 rolls
Transferred in from Spinning Department during June	540 rolls
Completed during June	510 rolls
Ending Work-in-Process Inventory (100% complete for materials; 80% complete for conversion work)	120 rolls
COST	
Beginning Wok-in-Process Inventory (Material costs: RM1,390; Conversion costs: RM4,900)	RM6,290
Materials costs added during June	RM11,210
Conversion costs added during June	RM52,064

Required:

(a) Compute the physical unit flow. (3 marks)

(b) Compute the equivalent units for the Dyeing Department. (3 marks)

(c) Compute the unit cost of production for materials and conversion cost and the total unit cost of production for the Dyeing Department. (12 marks)

(d) Prepare a cost reconciliation schedule. (5 marks)

(e) Journalise the transfer of the completed goods to the Plying Department. (2 marks)

(Total: 25 marks)

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QUESTION 3

Part A

Maison Company makes and sells artistic frames for pictures. The financial controller is responsible for preparing the master budget and has accumulated the following information for the year 2023.

	January	February	March	April	May
Estimated unit sales	12,000	14,000	13,000	11,000	11,000
Sales price per unit	RM50.00	RM47.50	RM47.50	RM47.50	RM47.50
Direct labour hours per unit	2.0	2.0	1.5	1.5	1.5
Wage per direct labour hour	RM8.00	RM8.00	RM9.00	RM9.00	RM9.00

Maison has a labour contract that calls for a wage increase to RM9.00 per hour on 1 March. A new labour-saving machinery has been installed and will be fully operational by 1 March.

Maison expects to begin the year with 17,600 frames on hand and has a policy of carrying an end-of-month inventory of 100% of the following month's sales, plus 40% of the next subsequent month's sales.

Required:

(a) Prepare a production budget for Maison Company for the first quarter (Jan, Feb, March) of the year 2023. (6 marks)

(b) Prepare a direct labor budget for Maison Company for the first quarter (Jan, Feb, March) of the year 2023. (4.5 marks)

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Part B

Trendy Company is preparing its manufacturing overhead budget for the year 2023. Relevant data consist of the following:

1. Units to be produced (by quarters):

   Quarter 1- 10,000
   Quarter 2- 12,000
   Quarter 3- 14,000
   Quarter 4- 16,000

2. Direct labour time is 1.5 hours per unit.

3. Variable overhead costs per direct labour hour:

   Indirect materials RM0.80
   Indirect labour RM1.20
   Maintenance RM0.50

4. Fixed overhead costs per quarter:

   Supervisory salaries RM35,000
   Depreciation RM15,000
   Maintenance RM12,000

Required:

(a) Prepare the manufacturing overhead budget for the year 2023, showing quarterly data. (14 marks)

(b) What is the predetermined overhead rate for the year 2023? (0.5 marks)

(Total: 25 marks)

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QUESTION 4

Part A

In preparing the cash budget, California Company needs to project its ability to collect its debt from its customers and its ability to pay for raw materials purchased. Data from operating budgets for 2022 are as follows:

	January	February
Sales	RM360,000	RM400,000
Direct materials purchases	120,000	125,000

1. All sales are on account.
2. Collections are expected to be 50% in the month of sale, 30% in the first month following the sale, and 20% in the second month following the sale.
3. 60% of direct materials purchases are paid in cash in the month of purchase, and the balance due is paid in the month following the purchase.
4. Credit sales: November 2021, RM250,000; December 2021, RM320,000.
5. Purchases of direct materials: December 2021, RM100,000.

Required:

(a) Prepare a schedule for expected collections from customers for January and February. (8 marks)

(b) Prepare a schedule for expected payments for direct materials purchases for January and February. (6 marks)

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Part B

Zamrud Enterprise a family-owned auto parts store, began January with RM10,200 cash. Management forecasts that collections from credit customers will be RM15,700 in January and RM25,000 in February. The store is scheduled to receive RM7,000 cash on a business note receivable in January. Projected cash payments include material purchases (RM14,500 in January and RM13,900 in February) and selling and administrative expenses RM2,900 each month.

Zamrud Enterprise wants to keep a minimum cash balance of RM20,000. At the end of any month when the account balance falls below RM10,000, the bank automatically extends credit to the store to fulfill the minimum balance. Zamrud Enterprise borrows as little as possible and pays back loans in the following month with sufficient cash. Interest expense is based on its loan repayment at 2% per month.

Required:

Prepare a cash budget for January and February in columnar form. (11 marks)

(Total: 25 marks)

End of Paper.